



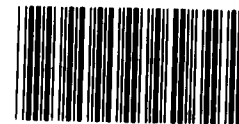
COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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B-133046

AUGUST 11, 1983

The Honorable Howard S. Liebengood
Sergeant at Arms
United States Senate



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Dear Mr. Liebengood:

Subject: Examination of the United States Senate Barber
Shops Revolving Fund's Financial Statements for
the Years Ended December 31, 1982 and 1981
(GAO/AFMD-83-88)

Pursuant to your March 4, 1983, request, we have examined the balance sheets of the Senate Barber Shops Revolving Fund as of December 31, 1982 and 1981, and the related statements of income and expense and retained income, and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Senate Barber Shops Revolving Fund as of December 31, 1982 and 1981, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles and the financial accounting policies described in note 1 to the financial statements applied on a consistent basis.

Enclosures I and II contain our report on internal accounting controls and compliance with laws and regulations, and our comments on the operations of the Senate Barber Shops Revolving Fund. Enclosures III through VI present the fund's financial statements and accompanying notes for the years ended December 31, 1982 and 1981.

Sincerely yours,

Comptroller General
of the United States

Enclosures

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REPORT ON THE UNITED STATES SENATEBARBER SHOPS REVOLVING FUND'SINTERNAL ACCOUNTING CONTROLSAND COMPLIANCE WITH LAWS AND REGULATIONS

We have examined the financial statements of the Senate Barber Shops Revolving Fund for the years ended December 31, 1982 and 1981. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures, including tests of compliance with laws and regulations, as we considered necessary in the circumstances. This report pertains only to our study and evaluation of the system of internal accounting control, and our review of compliance with laws and regulations for the year ended December 31, 1982.

As part of our examination, we studied and evaluated the system of internal accounting control of the Senate Barber Shops Revolving Fund to the extent we considered necessary to evaluate the system as required by generally accepted government auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the financial statements of the Senate Barber Shops Revolving Fund. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified below.

For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

--Receipts.

--Disbursements.

Our study included both of these control categories.

The management of the Senate Barber Shops Revolving Fund is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles and the financial accounting policies described in note 1 to the financial statements.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the second paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Senate Barber Shops Revolving Fund taken as a whole or on any of the categories of controls identified in the third paragraph. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

We reviewed the provisions of applicable laws and regulations to determine the material compliance requirements that may have a financial impact on the financial statements of the Senate Barber Shops Revolving Fund. In our opinion, the Senate Barber Shops Revolving Fund complied with the provisions of applicable laws and regulations that could have materially affected the financial statements.

COMMENTS ON THE OPERATIONS OF THEUNITED STATES SENATE BARBER SHOPS REVOLVING FUND

The Senate Employees' Barber Shops Revolving Fund was authorized by the Legislative Branch Appropriations Act of 1977 (Public Law 94-440, approved Oct. 1, 1976).

The Supplemental Appropriations Act of 1977 (Public Law 95-26, approved May 4, 1977) amended the initial legislation to provide for the fund to include all Senate barber shops and renamed it the Senate Barber Shops Revolving Fund. This change was effective April 1, 1977. All moneys received by the Senate barber shop are deposited in the revolving fund and are available for disbursement by the Secretary of the Senate for the necessary supplies and expenses of the Senate barber shop. Employee salaries and benefits and certain other expenses, such as space, utilities, and ordinary building repairs and maintenance, are paid from appropriated funds and not charged to the revolving fund.

The law provides that on or before December 31 of each year, the Secretary of the Senate is to withdraw from the revolving fund and deposit in the Treasury as miscellaneous receipts all moneys over \$10,000 in the revolving fund at September 30, the close of the Senate barber shop's fiscal year.

As required, the Secretary transferred \$71,779.78 on November 10, 1982, to the Treasury. The transfer represented the excess moneys in the revolving fund at September 30, 1982.

The Senate barber shop, located in the Russell Senate Office Building, provides convenient, efficient, and timesaving service to Senators and employees of the Senate.

The barber shop is managed by a chief barber, under the direction of the Sergeant at Arms of the Senate, in accordance with rules and regulations prescribed by the Senate Committee on Rules and Administration.

At December 31, 1982, the shop was staffed by a chief barber, four other barbers, and an attendant.

UNITED STATES SENATEBARBER SHOPS REVOLVING FUNDCOMPARATIVE BALANCE SHEETAS OF DECEMBER 31, 1982 AND 1981 (note 1)

<u>ASSETS</u>	<u>1982</u>	<u>1981</u>
CURRENT ASSETS:		
Cash	\$27,830.66	\$26,710.57
Advance from Senate Disbursing Office	<u>75.00</u>	<u>75.00</u>
TOTAL ASSETS	<u>\$27,905.66</u>	<u>\$26,785.57</u>

LIABILITIES, CAPITAL, AND RETAINED INCOME

LIABILITIES:

Amount due Senate Disbursing Office	\$ 75.00	\$ 75.00
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CAPITAL AND RETAINED INCOME:

Fund capital pursuant to Public Law 95-26	\$10,000.00	\$10,000.00
Retained income (note 2)	<u>17,830.66</u>	<u>16,710.57</u>
TOTAL LIABILITIES, CAPITAL, AND RETAINED INCOME	<u>\$27,905.66</u>	<u>\$26,785.57</u>

The accompanying notes are an integral part of this statement.

UNITED STATES SENATE
BARBER SHOPS REVOLVING FUND
COMPARATIVE STATEMENT OF INCOME AND EXPENSE
AND RETAINED INCOME
YEARS ENDED DECEMBER 31, 1982 AND 1981 (note 1)

	<u>1982</u>	<u>1981</u>
Receipts	\$78,717.15	\$71,013.39
Operating expenses	<u>5,817.28</u>	<u>5,793.08</u>
Net income for year	72,899.87	65,220.31
Prior period undistributed income	<u>16,710.57</u>	<u>13,404.31</u>
Accumulated income	89,610.44	78,624.62
Transfers to U.S. Treasury (note 2)	<u>71,779.78</u>	<u>61,914.05</u>
RETAINED INCOME AT DECEMBER 31	<u>\$17,830.66</u>	<u>\$16,710.57</u>

The accompanying notes are an integral part of this statement.

UNITED STATES SENATEBARBER SHOPS REVOLVING FUNDCOMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITIONYEARS ENDED DECEMBER 31, 1982 AND 1981 (note 1)

	<u>1982</u>	<u>1981</u>
FUNDS PROVIDED:		
Receipts	\$ <u>78,717.15</u>	\$ <u>71,013.39</u>
TOTAL FUNDS PROVIDED	\$ <u>78,717.15</u>	\$ <u>71,013.39</u>
 FUNDS APPLIED:		
Operating expenses	\$ 5,817.28	\$ 5,793.08
Amount transferred to		
U.S. Treasury	71,779.78	61,914.05
Increase in working capital	<u>1,120.09</u>	<u>3,306.26</u>
TOTAL FUNDS APPLIED	\$ <u>78,717.15</u>	\$ <u>71,013.39</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

Cash	\$ 1,120.09	\$ 3,356.26
Advance from Senate Disburs- ing Office	<u>-</u>	<u>(50.00)</u>
NET INCREASE IN WORKING CAPITAL	\$ <u>1,120.09</u>	\$ <u>3,306.26</u>

The accompanying notes are an integral part of this statement.

UNITED STATES SENATE
BARBER SHOPS REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1982 AND 1981

Significant Accounting Policies

1. Operating expenses do not include the costs of salaries, benefits, or services such as space, utilities, and ordinary building repairs and maintenance, which were furnished to the Senate barber shop without charge.

2. The net income balance at September 30 is transferred as miscellaneous receipts to the Treasury. The net income balance at the end of each year represents operating income from October 1 through December 31.